



Iowa College Student Aid Commission



2008 Programs and Priorities



About the Commission

Mission

We advocate for, and provide a continuum of services to support, Iowa students and families as they explore and finance educational opportunities beyond high school.

Primary Responsibilities

The Iowa College Student Aid Commission is the state agency that administers scholarships, grants and federal student loans through the Federal Family Education Loan Program (FFELP) for students attending Iowa colleges and universities. In FY08, the Commission will assist over 25,000 students with more than \$64.1 million in state appropriated assistance. In addition, the Commission will guarantee approximately 79,000 federal student loans totaling over \$526 million.

Additional Functions

The Commission is the designated student loan guarantor for the state of Iowa. The Commission proactively seeks to reduce the cost of borrowing for students and parents who need federal student loans to help meet educational expenses. The Commission provides non-biased information free of charge to parents and students about planning, preparing, and paying for college.

2008 Top Priorities

All Iowa Opportunity Scholarship

This program, established in 2007, provides scholarship assistance to students at risk of not pursuing postsecondary education because of social and financial barriers. This need-based program is providing awards averaging \$5,275 to 179 students in FY08. Because of the overwhelming demand (1,222 students applied), the Commission recommends an increase that fully funds this program. In 2007, an earmark of \$500,000 from this program for students in foster care served 80 students with awards averaging \$5,876.

FY08 All Iowa Opportunity Scholarship Information

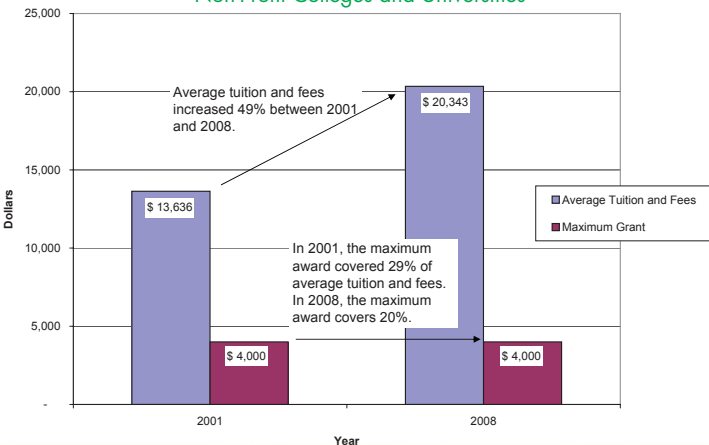
Program	Number of Student Awards	Number of Student Applicants	Average Award	Appropriation
Scholarship	179	1,222	\$5,275	\$1,000,000
Foster Care Grant	80	115	\$5,876	\$500,000

2008 Top Priorities

Iowa Tuition Grant

Each year this program provides grant assistance of up to \$4,000 to nearly 14,500 students attending not-for-profit Iowa colleges and universities and 2,700 students attending for-profit Iowa colleges and universities. The program provides access and choice and is intended to reduce the costs associated with attending Iowa private colleges and universities. The Commission annually recommends funding increases in this program.

Iowa Tuition Grant Non-Profit Colleges and Universities

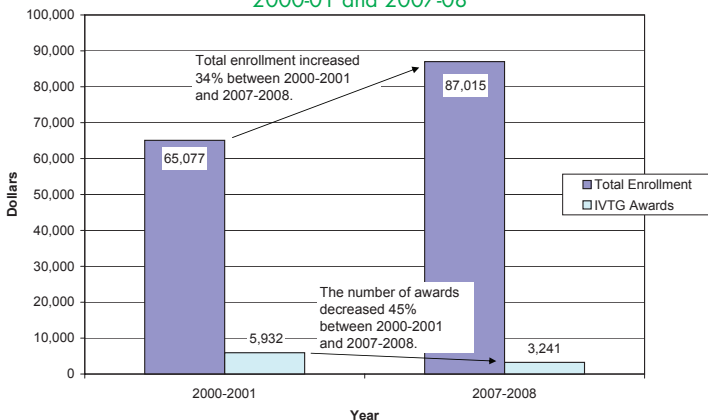


2008 Top Priorities

Vocational-Technical Tuition Grant

Each year this program provides grant assistance of up to \$1,200 to nearly 3,000 students at Iowa community colleges. The program encourages students to study in areas that are critical to economic growth in Iowa. To increase the number of awards to eligible students and encourage economic growth in these areas, the Commission annually recommends an increase in this program.

Iowa Community College Enrollment and
Iowa Vocational-Technical Tuition Grant Awards
2000-01 and 2007-08



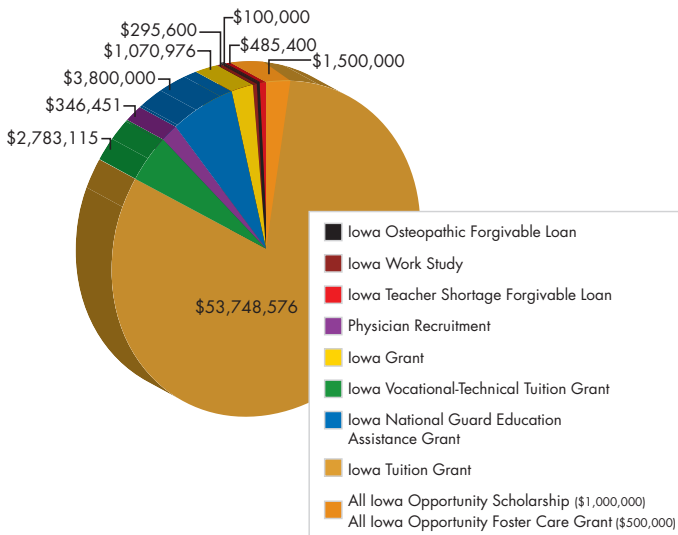
Note: The number of awards decreased because the maximum award increased from \$600 to \$1,200.

Programs Administered by the Commission

FY08 Appropriations

An investment of \$64.1 million in FY08 assists approximately 25,000 students pursuing undergraduate degrees at Iowa's colleges and universities with state-funded programs.

FY 2008 State Appropriations





Student Debt Concerns

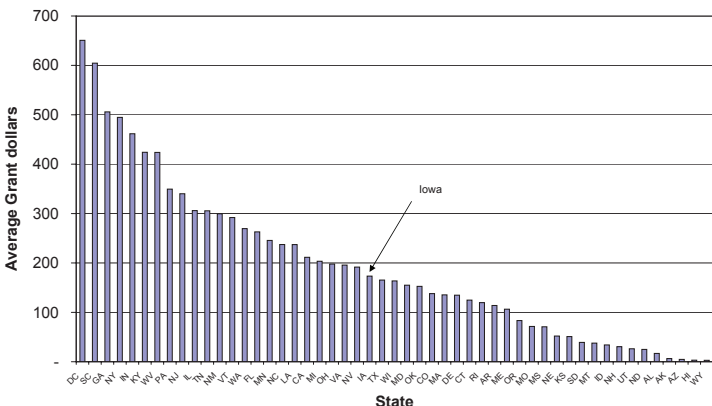
The Commission is concerned about the staggering amount of debt Iowa students incur while attaining postsecondary degrees. The following factors contribute to these concerns.

- College costs are increasing at a faster rate than family incomes.
- Federal and state grant aid has not kept pace with student loan debt.
- Family savings rates have decreased.
- Parents are not utilizing low cost federal loans to help meet college expenses.
- Private loan debt has significantly increased.
- Private loan direct-to-consumer marketing has increased.
- Students and families are uninformed about college financing options.

Little Increase in State Grant Aid

State Grant Assistance

State Appropriated Grant Assistance
Average Grant per 18-24 Year-Old Person



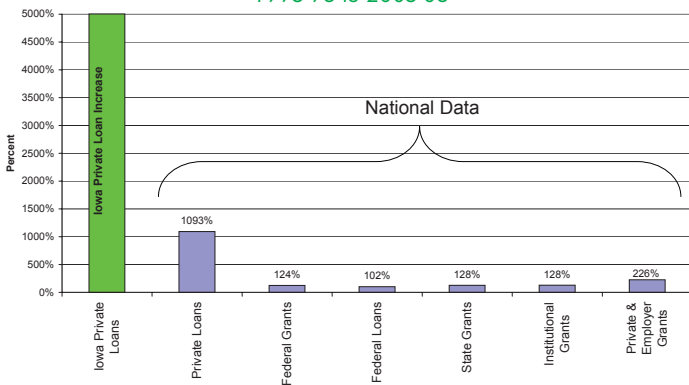
In FY06, state grant dollars per 18-to-24-year-old averaged only \$173 per student, ranking Iowa 24th in the nation for grant assistance.

Source: National Association of State Student Grant and Aid Programs

Increase in Private Loan Debt

In addition to federal loans, students also are borrowing private loans to pay for college. As parents contribute less toward paying college expenses, students turn to private loans. Nationally, private loan debt incurred by students increased 1,095% from 1996 to 2006. In Iowa, the increase was 5,000% over the same time period. The Commission advocates for a shared responsibility approach for paying college expenses. The state, the parent, and the student should contribute to pay the costs of postsecondary education.

Growth of Iowa and National Private Loans
vs. Other Forms of Aid
1995-96 to 2005-06



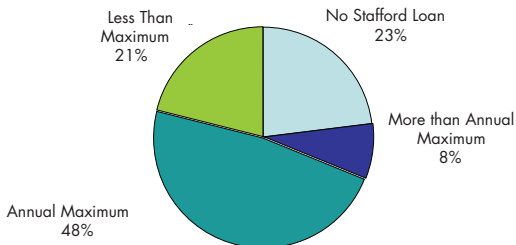
Source: The College Board and Iowa College Student Aid Commission

Direct to Consumer Marketing of Private Loans

According to research by the American Council on Education, 23% of undergraduate private loan borrowers did not take advantage of lower cost federal loans. Another 21% of private loan borrowers did take out federal loans, but borrowed less than the maximum federal annual loan limit.

In Iowa, financial aid professionals report that many students are losing a portion or all of their federal student aid eligibility, except for the Federal Pell Grant, because students are borrowing private student loans in amounts that far exceed their financial need. Lenders market private loans directly to students, making the approval process too easy.

Private Loan Borrowers Do Not Use Full Federal Eligibility

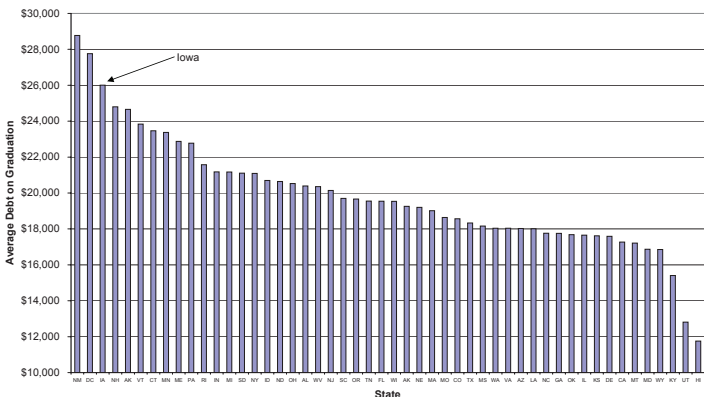


Source: American Council on Education (2007).
Who Borrows Private Loans. Available at <http://www.acenet.edu>

High Student Loan Debt in Iowa

The Commission advocates for increased state funding for need-based aid. 2006 Iowa graduates with four-year degrees accumulated student loan debt averaging \$26,006, the third highest in the nation. The Commission believes that increased scholarship and grant assistance will help reduce the debt burden of those entering the workforce and will encourage graduates to remain in Iowa.

Average Debt Upon Graduation
Includes Iowa Survey Data
Class of 2006




Sources: TICAS and Iowa College Student Aid Commission survey of colleges.

Opportunities to Improve College Access in Iowa

To improve college access and choice for all Iowa students, encourage Iowa students to seek postsecondary education opportunities beyond high school, and reduce the amount of debt Iowa students incur while achieving their education goals, the Iowa College Student Aid Commission suggests:

- Increased state appropriations for grant aid;
- Increased Commission role in outreach programs to educate Iowans on financing higher education;
- Private student loan lenders be required to report price and volume data and comply with all directives issued by the Iowa College Student Aid Commission concerning compliance with federal and state law;
- Lenders and secondary markets be encouraged to focus efforts on providing borrower benefits and work with borrowers to successfully repay their loans; and



Opportunities to Improve College Access in Iowa, cont.

- Endorsement and communication of a public policy for Iowa concerning postsecondary student financial assistance. This policy should strongly encourage Iowa colleges and lenders doing business in Iowa to ensure that students and families are educated about, and have applied for, state scholarships and grants, federally-funded gift-aid and federal students loans prior to receiving private loans.

Thank You For Your Support

The Commission is committed to addressing the challenges faced in ensuring that students and parents have the resources needed to pursue education and training opportunities beyond high school. The Commission appreciates the General Assembly's continued support in 2008 and will continue to advocate for increased state appropriations to help Iowa families plan, prepare, and pay for college.

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Your Financial Aid Connection